



# **Judicial Council of California**

## **Administrative Office of the Courts**

Trial Court Financial Policies and Procedures

Policy No.  
Page

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# **CASH HANDLING**

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## Cash Handling

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### **2.0 Purpose**

(Revised 9/10)

The purpose of this policy is to establish uniform guidelines for trial court employees to use in receiving and accounting for payments from the public.

### **3.0 Policy Statement**

(Revised 9/10)

It is the policy of the trial court to collect and process payments received from the public in a manner that protects the integrity of the court and its employees and promotes public confidence. The trial court shall institute procedures and internal controls that assure the safe, secure collection, and accurate accounting of all payments.

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## **4.0 Application**

(Revised 9/10)

This policy applies to all trial court officials and employees whose official job responsibilities involve any aspect of collecting or processing payment received from the public either in-person, via internet website, telephone or by mail.

## **5.0 Definitions**

(Revised 9/10)

Refer to the Glossary for the following key terms used in this policy.

**Audit Trail**

**Cash**

**Cash Control**

**Cashier(s)**

**Change Fund**

**Check(s)**

**Customer(s)**

**Deposit(s)**

**Internal Controls**

**Receipt**

**Revenue**

**Two-party Checks**

## **6.0 Text**

### **6.1 Safekeeping of Cash**

(Revised 9/10)

To reduce the potential for losses due to errors or irregularities, court employees involved in cash collection activities (including cashiers and supervisors) will observe the guidelines provided in this section.

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### **6.1.1 Use of Safes and Vaults**

1. The preferred method for securing Change Funds, unprocessed payments or other valuable documents when not in use is to house them in a safe or vault. During the day, collections shall be secured in a lockable cash drawer.
2. Safes that are moveable should be attached to the courthouse using a method that would prevent easy removal.
3. When using safes and vaults, the following procedures must be followed:
  - a. The combination will be distributed to as few persons as possible consistent with operating requirements and the value of the cash or documents safeguarded.
  - b. The combination should be memorized by trial court employees and should not be kept in legible form. If it should be necessary to maintain the combination in legible form, it should not be kept in any written or electronic document that identifies it as the combination to the safe and should be maintained in a secure location not visible or accessible to anyone else. Only the Court Executive Officer or the Court Executive Officer's designee(s) are approved to maintain the combination to the safe in legible form that identifies it as such.
  - c. The combination will not be an easily guessable number like birthdays or dates of employment of trial court employees.
  - d. A record will be kept showing:
    - i. The date the combination was changed last and
    - ii. The names of persons knowing the present combination.
  - e. The combination should be changed when:
    - i. It becomes known to an excessive number of trial court employees,
    - ii. Any trial court employees having knowledge of the combination leaves the employ of the trial court,

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- iii. If any trial court employee no longer requires the combination in the performance of his or her duties, or
- iv. On a periodic basis defined by the trial court.

## **6.2 Acceptable Forms of Payment**

(Revised 9/10)

1. The trial court may accept the following forms of payment:
  - a. Cash.
  - b. Personal checks.
  - c. Bank checks or drafts.
  - d. Traveler's checks.
  - e. Money orders.
  - f. Credit cards (Subject to Judicial Council approval).
  - g. Debit cards (Subject to Judicial Council approval).
2. The court is not required to accept payment in coin.<sup>1</sup>
3. A court may accept or reject any check or money order based on California Rule of Court 10.821 and Government Code section (GC) 71386. Please refer to <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=gov&group=71001-72000&file=71380-71386> for the relevant sections of GC 71386.
4. Acceptance of credit cards (and debit cards) is prescribed under GC 6159.

## **6.3 Payments Made In-Person**

(Revised 9/10)

### **6.3.1 Change Fund**

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<sup>1</sup> Government Code (GC) 24353.

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1. Trial courts may establish a Change Fund in each location that the trial court collects payments to provide Cashiers currency and coin in denominations and amounts necessary to permit the making of change in the day-to-day cash collecting operations of a trial court.
2. The Change Fund must not be co-mingled with the Petty Cash Fund or any other fund. The Change Fund must not be used for any other purpose other than making change for customers of the court tendering cash.
3. A trial court must not establish a Change Fund in excess of \$100 unless the trial court has a safe, vault or cash box that is adequate to safeguard the cash. A Change Fund in excess of \$500 will be stored in a safe or vault.
4. The Change Fund must be associated with a distinct sub-ledger account separate from the trial courts other cash accounts. There should be a separate sub-ledger accounting kept for each Change Fund established by the trial court.
5. The Court Executive Officer or his or her designee must appoint a custodian for each Change Fund when any Change Fund exceeds \$500 at any separately managed trial court location. The custodian is personally responsible for the safekeeping, replacement, disbursement, and accounting for the assigned Change Fund. A copy of this policy must be given to the custodian to ensure that he or she understands the requirements for the Change Fund.
  - a. The Change Fund custodian must have no other cash handling responsibilities.
  - b. The Change Fund custodian must keep detailed records to document:
    - i. The establishment and replenishment of the Change Fund.

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- ii. The amount and denomination of currency and coin held in the Change Fund.
  - iii. Exchanges made with a Cashier whereby the Cashier “sells” larger denomination currency to the Change Fund custodian for smaller denomination currency and coin.
  - iv. Exchanges whereby the Change Fund custodian “sells” larger denomination currency to the trial courts central accounting department or a bank for smaller denomination currency and coin.
- c. When custody of the Change Fund is transferred to another custodian:
  - i. A personal audit of the fund must be made by the trial court employees directly concerned; and
  - ii. A Change Fund Change of Custodian Form (provided in 7.0, Associated Documents) must be completed for the approval of the Court Executive Officer or designee.
- 6. At the end of each business day the Change Fund custodian must in the presence of a Court Manager or Supervisor verify that Change Fund monies at the end of the day are reconciled to the day’s beginning balance.
- 7. A trial court employee other than the Change Fund custodian should count the Change Fund in accordance with the following schedule and report the count to the Fiscal Officer.
 

• Size of Change Fund	Frequency of Count
• \$200.00 or less	Annually
• \$200.01 to \$500.00	Quarterly
• Over \$500.01	Monthly

### **6.3.2 Beginning Daily Balance**

At the beginning of each day, cashiers receive a nominal amount of money (e.g., \$30 in currency and coin) to enable them to return change on cash transactions. Trial Courts should require Cashiers to secure these funds in individually locked drawers or bags. Cashiers must verify receipt of their beginning cash funds with their supervisor, evidenced in a log signed by the Cashier and supervisor for each such receipt. Any beginning cash drawer/bag cash discrepancies (i.e., bag does not contain \$30) must be resolved before the cashier starts his or her daily cash collection duties.

### **6.3.3 Cash Handling Procedures**

1. Cash control procedures are of primary importance to court management in avoiding losses. The fundamental rules for controlling cash receipts include the following:
  - a. Organization:
    - i. Designate specific responsibility for custody of cash funds during the workday and for securing cash in a safe, vault, or other secure storage place overnight.
    - ii. Limit responsibility for receiving cash to as few people as possible.
    - iii. Assign each trial court employee who processes payments his or her own locking cash drawer so that he or she has exclusive access to and custody of his or her respective cash on hand. Cash drawers must not be shared by trial court employees.
    - iv. Separate cash handling from record keeping. Responsibilities for collection and deposit preparation should be segregated from those involving the recording of cash receipts into court accounting records and permanent court record entries.



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- v. Require that bank reconciliations be prepared by persons not responsible for handling cash.
  - vi. Periodically reconcile currency and coins held in the Change Fund as part of the Cashiers beginning cash funds to amounts recorded in the trial court's general ledger.
- b. When receiving payment:
  - i. When money is received at the public windows, the Cashier should count it out loud in the presence of the customer.
  - ii. The Cashier must not put the money in the cash drawer until after the Cashier issues a receipt and gives the customer the correct change.
  - iii. If a customer disputes the amount of change tendered at the counter, the cashier must ask a supervisor for assistance.
  - iv. Cashiers must not return a disputed amount without a supervisor's approval.
  - v. The Cashier must refer payments involving relatives or personal friends to the supervisor for re-assignment.
  - vi. The Cashier must record cash receipts immediately.
- c. Prior to deposit, cash receipts should be secured in a cash drawer, vault, safe or locked cabinet to which only specifically authorized personnel have access.
- 2. Cash drawers should be used for official court business only (i.e., the collection of payments).
- 3. Trial courts should establish cash drawer limits for each Cashier to reduce or eliminate opportunities for individuals to commit and conceal errors, and to reduce the risk of robbery. The drawer limits must be based on the amount of currency and coin collected. Drawer limits may also be established for checks and credit card payments using hardcopy sales drafts.

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- a. When establishing cash drawer limits, the following factors should be considered:
  - i. The amount of currency and coin collected at the location.
  - ii. Remoteness of the location collecting payments from the main courthouse or central location where deposits are processed.
  - iii. Experience level of the Cashier.
  - iv. The Cashier's history of overages and shortages.
  - v. The level of security available at the location taking cash, including but not limited to the availability of sheriffs and other security personnel; the location of panic buttons; the placement of security cameras and the adequacy of the physical barriers between Cashiers and customers making payments.
- b. When the cash drawer limit is reached or exceeded at any time during the day, the Cashier must do the following:
  - i. Closeout and balance his or her cash drawer, i.e. sell cash to the cash vault.
  - ii. Bundle the cash and balance supporting documentation, and provide it to the Change Fund custodian for safekeeping until the final closeout and balancing is performed at the end of the day. If there is no Change Fund custodian at the location, the cash and supporting documentation must be provided to the local supervisor for safekeeping.
  - iii. Re-establish the nominal amount of beginning money to enable the Cashier to return change on a cash transaction.
  - iv. Where appropriate begin processing additional customer payments.

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### **6.3.4 Check/Money Order/Cashier Check Handling Procedures**

1. When a check, money order or cashier's check is received in person or in the U.S. mail, the Cashier must verify the following before accepting payment:
  - a. The name of the customer must be imprinted on the check.
  - b. Numeric and written dollar amounts must match.
  - c. Checks must be signed by the customer.
  - d. Checks must be dated for the day they are written. Post-dated checks are not accepted.
  - e. The check is not made payable to more than one payee. Two-party checks are not accepted.
  - f. Checks must be written for the exact amount due. No change shall be made on payments made by personal check. Change may be given only for:
    - i. Cash,
    - ii. Bank checks or drafts,
    - iii. Traveler's checks, and
    - iv. Money orders.
  - g. Checks must be made payable to the court.
  - h. If applicable, case number(s) must be written on checks.
  - i. Corrections made by the customer must be initialed by customer, not just crossed out and rewritten.
  - j. When a check is accepted at the public window, the customer must provide an acceptable form of picture identification such as a driver's license or passport.
  - k. Cashier's checks, money orders or traveler's checks are drawn on a banking institution located in the United States (unless received through the mail).

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- l. The sum is in US currency.
  - m. Cashiers shall not accept personal checks, cashier's checks, money orders or traveler's checks when the check is in excess of \$300 from a defendant who is in custody, as a deposit of bail for any alleged violation of the Penal Code or for a deposit of bail for any felony offense.<sup>2</sup>
2. If a trial court receives a check with a blank payee line, the Cashier must immediately enter the court's name in the payee line.<sup>3</sup>
  3. Checks received by the trial court that are made payable to another State government entity may be endorsed and deposited by the trial court when they are known to be a proper payment to the court. The endorsement by the court must contain a statement equivalent to "Absence of Prior Endorsement Guaranteed."<sup>4</sup>
  4. The trial court must elect to either reject or process an unsigned check received through the U.S. mail. To minimize its risk of potential loss, the trial court must establish a maximum dollar limit it will elect to process if the check is unsigned. It is suggested that the maximum dollar limit be \$500.
    - a. When the trial court elects to reject an unsigned check, it must return the unsigned check to the customer with a letter stating that the check was not accepted because it was unsigned.
    - b. When the trial court elects to process an unsigned check, it must perform the following steps before endorsing and depositing the check:

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<sup>2</sup> GC 71386(b).

<sup>3</sup> This policy is comparable to the policy adopted by the Executive Branch. See State Administrative Manual (SAM), Sections 8023.

<sup>4</sup> This policy is comparable to the policy adopted by the Executive Branch. See SAM, sections 8034.4.

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- i. The face of the check must be stamped with the following statement:

**Signature lacking**  
**Superior Court of California, County of Xxxxx**

- ii. The case number for which payment is being made must be noted on the unsigned check.

A notation will be made on the customer's record in the trial court's case management system that the customer's check was received unsigned. The check number and amount of the check must be included in the notation.

5. The trial court may accept checks marked "not to exceed xx dollars" for matters pending court action. When the amount of the payment becomes known, the person presenting the check shall fill in the exact amount due. If received in the mail the cashier shall write the exact amount.

### **6.3.5 Credit Card and Debit Card Payments**

1. GC 6159 authorizes the acceptance of credit card payments by the trial court and establishes the conditions under which payment by credit card is allowed. The same requirements apply to debit card payments.
2. If the trial court desires to accept credit card or debit card payments, it must first receive approval from the Judicial Council or the Administrative Director of the Courts.<sup>5</sup> Refer to Policy No. FIN 13.01 Banking Service, for the procedures to receive Judicial Council approval to accept credit or debit card payments.

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<sup>5</sup> GC 6159(c) and California Rule of Court, rule 10.820(a).

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3. The trial court may accept the following types of payments by credit card or debit card:
  - a. Bail deposits for any offense not declared to be a felony.<sup>6</sup>
  - b. Filing fees or other court fees.
  - c. Any court-ordered fee, fine, forfeiture, penalty, or assessment.
4. The court may accept credit card or debit card payments in person, over the telephone, over the Internet, or by mail. At a minimum, the trial court must verify that the credit card or debit card is current (the card expiration date must not have passed) for payments made in person.
5. For payments made by telephone, the customer's name as it appears on the credit card or debit card, telephone number, card number, the card expiration date and the non-embossed security code printed on the back of the card must be obtained. See Policy No. FIN 13.01 Banking Services, Sub-section 6.5.2. The customer's case number is also required so that the case management system can be updated with the payment information.
6. For payments made via the Internet, the same information must be obtained from the customer as for telephone payments.
7. When receiving payments via the internet, the primary focus is to assure that the trial court's Web site is secured against the unauthorized use or theft of customer information:
  - a. Internally, access to customer information shall be limited to a small number of authorized court employees. For control purposes, system access codes shall be assigned to these employees.

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<sup>6</sup> GC 6159(b)(1)

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- b. Externally, the trial court must protect against electronic data theft. The trial court shall ensure the security of internet transactions by establishing firewalls and other protection devices, or by outsourcing the internet payment function to a qualified vendor, the trial court's internet service provider, or Web site host.
- 8. Prior to accepting any credit card or debit card payment, the validity of the payment must be verified by obtaining the authorization code.
- 9. Civil Code Section 1747.08 prohibits writing down any identification information when questioning identification.

### **6.3.6 Dishonored Payments**

- 1. For checks that are returned by the bank to the trial court for reasons including , but not limited to, insufficient funds:
  - a. The trial court should make arrangements with its local bank to automatically resubmit for payment dishonored checks because most re-deposited dishonored checks are paid.
  - b. Upon receipt of a dishonored check which either cannot be re-deposited or has been re-deposited and dishonored a second time, the trial court should reverse the payment out of its case management system and enter a note that the check was dishonored.
    - i. For civil filing fees:
      - 1.) The clerk must notify the party who tendered the check of all the following by mail:<sup>7</sup>
        - a. The check has been returned by the bank without payment.

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<sup>7</sup> See Code of Civil Procedure (Code Civ. Proc.) section 411.20(a).

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- b. An administrative charge has been imposed to reimburse the trial court for the costs of processing the returned check and providing notice. The administrative charge must be either \$25 or a reasonable amount that does not exceed the trial court's actual costs.<sup>8</sup>
  - c. The party must pay the filing fee and the administrative charge by a date that is specified in the notice. If payment is not made by the specified date, the trial court will void the filing and proceed as if the document had not been filed.<sup>9</sup> (The trial court must specify a date by which the payment is due, which must be within 20 days from the date that the trial court mails the notice to the party. The only exception is if a trial or other hearing has been scheduled to occur before the 20 day period expires. In such a case, the trial court must specify a date by which payment is due. The specified date must be before the date of the scheduled trial or hearing.)
  - d. Payment of the filing fee and the administrative charge must be made by cash, certified check, or other means that the trial court will accept. The trial court, however, will not accept payment by traveler's check or personal check.
- 2.) If the person who tendered the check is not a party to the action, the clerk or designee per written court procedure must notify (1) the person who tendered the check and (2) the party on whose behalf payment was tendered or, if the party is represented, the party's attorney.

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<sup>8</sup> See Code Civ. Proc. 411.20(g)

<sup>9</sup> See Code Civ. Proc. 411.20(b) and (e).



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ii. For other services or issuance of documents in a civil case:<sup>10</sup>

- 1.) If the clerk performs a service or issues any documents for which a fee is required and payment is made by check that is later returned without payment by the bank, the trial court may order further proceedings suspended with regard to the tendered party.
- 2.) If ordered by the trial court, the clerk must notify the party who tendered the returned check of all the following by mail:
  - a. The check has been returned without payment.
  - b. An administrative charge has been imposed to reimburse the trial court for the costs of processing the returned check and providing notice. (The administrative charge must be either \$25 or a reasonable amount that does not exceed the trial court's actual costs.<sup>11</sup> The notice mailed to the party should specify the amount of the administrative charge that has been imposed.)
  - c. Proceedings have been suspended until the trial court receives payment of the required fee and the administrative charge.
  - d. Payment must be made by cash, certified check, or other means acceptable to the court. The trial court, however, will not accept payment by traveler's check or personal check.
- 3.) If the person who tendered the returned check is not a party to the action, the clerk must notify (1) the person who tendered the returned check and (2) the party on whose behalf payment was tendered or, if the party is represented, the party's attorney.

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<sup>10</sup> See CCP 411.20(f)

<sup>11</sup> See CCP 411.20(g)

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iii. For traffic cases:

- 1.) A deficiency notice will be sent to the party whose check was returned without payment by the bank and the appropriate justice partners and Department of Motor Vehicles notified of non-payment, where necessary.
- 2.) Trial courts may impose a reasonable charge for the returned check to recover processing and collections costs, not to exceed the actual costs incurred<sup>12</sup>.
- 3.) The trial court may prescribe a different method of payment.

iv. For any other fee, fine, or forfeiture not covered above:

- 1.) A deficiency notice will be sent to the party whose check was returned. The clerk will notify the party in the case that the check has been returned by the bank without payment.
- 2.) If the person who tendered the returned check is an attorney or law firm which regularly appears before the trial court, the clerk will immediately contact the attorney or law firm for payment.
  - a. If the attorney or law firm does not pay the required fee and administrative charge within three business days after being contacted by the trial court, the clerk will notify the fiscal officer. The fiscal officer will decide what action(s) should be taken to collect payment from the attorney or law firm. If the offending attorney or law firm has not made the required payment within 10 business days after being contacted by the trial court, the court executive officer or designee per written court procedure will notify the presiding judge of the non-payment. The presiding judge and court executive

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<sup>12</sup> GC 71386(d) and GC 6157 (b)

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officer or designee per written court procedure will decide what actions will be taken to collect the required fee from the offending attorney or law firm.

- b. If the trial court notices a pattern of returned checks being received from any particular attorney or law firm, the court executive officer will notify the presiding judge of the pattern of returned checks. The presiding judge and court executive officer will decide whether the pattern of returned checks warrants either the court executive officer or presiding judge discussing the pattern of returned checks with the offending attorney or law firm.
- 3.) Trial courts may impose a reasonable charge for the returned check to recover processing and collection costs, not to exceed the actual costs incurred.<sup>13</sup>
- 4.) The trial court may prescribe a different method of payment.
- v. For all case types; civil, traffic, family, criminal, etc., if the trial court notices a pattern of returned checks being received from any particular attorney or law firm:
  - 1.) The court executive officer will notify the presiding judge of the pattern of returned checks. The presiding judge and court executive officer [or designee per written procedure] will decide whether the pattern of returned checks warrants either the court executive officer or presiding judge discussing the pattern of returned checks with the offending attorney or law firm.

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<sup>13</sup> GC 71386(d) and GC 6157 (b)

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2. If any credit card or debit card payment is not accepted by the card issuer or is charged back to the trial court, the trial court will void any record of payment and/or receipt issued by the trial court. The payment obligation of the cardholder shall continue as if no attempt at payment has been made.

### **6.3.7 Receipts**

1. All payments to the trial court must be acknowledged by a unique sequentially numbered receipt. Receipts issued by the trial court should provide information sufficient to create an adequate audit trail that ensures proper distribution of the monies received including:
  - a. Unique Receipt number.
  - b. Date of payment.
  - c. Case number.
  - d. Amount received.
2. The trial court shall keep a record of all receipts issued. A receipt is deemed to be cancelled if a payment made by check, money order, credit card, or debit card is dishonored.
3. Periodically monitor receipt sequence numbers to identify gaps and assure that all receipts are accounted for.

### **6.3.8 Void Transactions**

1. A supervisor must approve all voided transactions. Where possible, the security access levels to the trial court's case management system should be adjusted so that supervisory employees must approve a void before it takes effect in the system. The supervisor is responsible for reviewing and approving all voided transactions. The trial court will retain all void receipts,

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including the details of any re-receipting of the original voided transaction for the lesser of five years.

2. The trial court's case management system should keep an appropriate audit trail of voided transactions by showing both the original transactions entered into the case management system as well as the subtraction caused by the void. The original transactions entered into the case management system should not be deleted.
3. Once the daily close out process has been performed, the case management system should prevent payments included in the daily close out from being voided.

#### **6.3.9 Backup Procedure for Automated System Down Time**

1. In the case of a failure of the automated accounting system, the supervisor or designated employee will issue books of pre-numbered receipts. The Cashier will give the customer a handwritten receipt. A copy shall be retained by the trial court. The supervisor issuing the receipt books of pre-numbered receipts will monitor and maintain an accounting of the receipt books including; the receipt book(s) issued, to whom the receipt book(s) was given, the date given, the person returning the book(s), the receipts used within each book and the date on which the receipt book(s) are returned.
2. The trial court will keep payments processed during down time separate from money processed through the system. Money, receipts and case files will be kept together in a designated secure place.
3. Handwritten receipt transactions must be processed as soon as possible after the automated system is restored. The transactions must be recreated in the system from the handwritten receipts

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before the money can be transferred to the cash drawer or cash register.

### **6.3.10 Daily Balancing and Closeout**

1. At the end of each workday, all cashiers must balance their own cash drawer or register. Cashiers may not leave the premises nor transact new business until daily balancing and closeout are complete.
2. Balancing and closeout include completing and signing the daily report; attaching a calculator tape for checks; turning in the report, money collected and change fund to the supervisor; and verifying the report with the supervisor.
3. After daily balancing and closeout are completed, the collections are prepared for deposit to the county or bank. If the daily collections are not deposited on the same day they are collected, they must be locked in a safe, vault, or secure cabinet overnight.
4. Refer to Policy No. FIN 13.01 Banking Services regarding the process to follow when physically depositing monies at the trial court's bank or the county treasury.

### **6.3.11 Shortages and Overages**

1. The process used by trial courts to account for shortages and overages depends upon whether the county board of supervisors, (or county auditor if such responsibility was delegated by the board of supervisors), established a cash difference fund<sup>14</sup> and overage fund<sup>15</sup> for a trial court. If such funds were created by the county board of supervisors or county auditor for a trial court, the

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<sup>14</sup> GC 29370 and 29370.1

<sup>15</sup> GC 29371

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trial court must comply with GC 29372 through 29381 until the county board of supervisors adopts a resolution that discontinues the overages and shortages funds established for the trial court. If no such funds were created or the county board of supervisors adopts a resolution to discontinue such funds, the trial court will follow the remaining policies and procedures in this section.

2. Trial court employees who receive and disburse money are accountable for the money in their custody. They are personally responsible for any cash discrepancies.
3. Each trial court must establish written standards of performance for Cashiers and prescribe corrective actions to be utilized when performance standards are not satisfied.
4. Cashiers must report all overages and shortages to their supervisors. Overages and shortages must be tracked and handled separately, never combined or netted together because their accounting treatment is different.
5. Cash overages (representing cash in excess of a Cashier's accounting of the transactions receipted) will be credited to a specific "Cash Overages" general ledger liability account, at the time of receipt. When any amount paid exceeds the amount due for any account/case, and such excess does not exceed ten dollars (\$10), the excess or overage may be deposited to the overage revenue account immediately.
  - a. If the customer who made an overpayment can be identified, the amount of the overpayment should be recorded to an Overpayments of Fees general ledger liability account. This liability account will be reduced by the amount of any refund paid by the trial court to the customer.

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- b. If the customer who made an underpayment can be identified, the cash amount received should be recorded as a Partial Payment of Fees general ledger liability account. If the court refunds the cash originally received the Partial Payment of Fees general ledger liability account should be reduced by the amount of the refund. If the cash originally collected is not required to be refunded by statute the Partial Payment of Fees liability account should be reduced by the cash originally collected and credited to the appropriate fee collection liability account.
- c. Cash Overages resulting from Cashier errors, which are not identified with a customer or case (representing cash in excess of a Cashier's accounting of the transaction receipted), will be credited to a specific "Cash Overages" general ledger liability account, at the time of receipt. The Cash Overages general ledger liability account will be cleared to a Cashiering Overages general ledger revenue account at least once a quarter.
- d. Cash Shortages resulting from Cashier errors, which are not identified with a customer or case (representing the amount by which cash is less than the Cashier's accounting of the transactions receipted), will be debited to a "Cash Shortages" general ledger asset account, at the time the shortage is detected. The Cash Shortages general ledger asset account will be cleared to a Cashiering Shortages general ledger expense account at least once per quarter.
- e. If the customer who made an underpayment can be identified, the trial court should attempt to collect the underpayment from the customer. All other Cash Shortages will be cleared as an expense at least once a quarter.



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6. The responsible trial court employee must complete and sign an Overage or Shortage Report and turn it in to the appropriate supervisor with the daily cash balance report.
7. Supervisors will monitor all reports of overages and shortages to determine if there is a pattern meriting further investigation, modification of collection procedures, retraining of personnel, or disciplinary action.

### **6.3.12 Surprise Cash Counts**

1. To assure that payment processing errors and irregularities do not go undetected, the trial court will conduct surprise cash counts on all trial court staff that handle payments in the normal course of their duties. A surprise cash count is an independent balancing of a cash drawer or register:
  - a. That is conducted in the presence of the cashier by a trial court supervisor, manager, or fiscal officer who does not have direct responsibility for processing payments. A record of these cash audits should be maintained for audit and management purposes;
  - b. Performed on a “random” day determined by the supervisor or manager. By “random”, the date picked to perform the surprise cash account should not be easily determined by trial court staff (i.e., the third Thursday of each quarter); and
  - c. That was not previously communicated to the trial court staff.
2. The frequency of the surprise cash counts will depend on a number of factors including, but not limited to, the size of the trial court, the amount of currency processed, the number of checks and money orders processed, the overages and shortages at a

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particular trial court location and the experience of the trial court staff involved. Surprise cash counts should be conducted at a minimum quarterly and as frequently as monthly.

#### **6.4 Payments Received Through the Mail**

(Revised 9/10)

1. Checks and money orders received through the mail should be processed (i.e., including restrictedly endorsed, entered into the court's receipting system and deposited to the appropriate bank account) on the day they are received. Any exceptions are to be brought to the attention of a supervisor, placed under dual control, and processed as soon as practicable. Money received through the mail will be deposited and entered in the court's cashing system on the day received.
2. To provide for the strongest protection of trial court assets, a team approach should be used to maintain accountability for payments received through the mail:
  - a. A two-person team opens the mail.
  - b. Mail is only processed when both team members are present.
  - c. At no time should a member of the team leave the operation unless a replacement takes his or her place.
  - d. More than one two-person team may be needed to process large volumes of mail.
  - e. Two-person team combinations should be rotated regularly.
  - f. To maintain separation of duties, team members opening mail must not also enter the receipts in the court's cashing system.

To avoid record keeping of receipt exceptions outside of the court's cashing system, all payments received in the mail that cannot be immediately applied should be entered in the court's cashing

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system as “suspense items”, accounted for as a liability and deposited to a trust/escrow bank account until the receipt can be properly applied.

3. To provide for the strongest oversight and monitoring of payments received through the mail, the preferred method for processing payments received through the mail is as follows:
  - a. Checks and money orders received through the mail should be listed on a Payments Receipts Log sheet.
  - b. The Payments Receipts Log sheet should include the following information:
    - i. Case or docket number;
    - ii. Name of the person making the payment;
    - iii. Check amount;
    - iv. Check number;
    - v. Date received in the mail; and
    - vi. Name of the person handling the check.
  - c. An adding machine tape of all checks and money orders should be run and the total amount received should be matched to the total amount entered into the Payment Receipt Log sheet.
  - d. The person logging the payments received through the mail shall sign the bottom of the Payment Receipt Log sheet after running the adding machine tape.
  - e. The adding machine tape should be attached to the Payment Receipt Log sheet and the checks and money orders delivered to a designated cashier for entry into the accounting system. The cashier must sign a transmittal receipt acknowledging receipt of the Payment Receipt Log and the checks received for entry evidencing the transfer of control of the payment items. Any

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payment that cannot be processed will be highlighted on the Payment Receipt Log Sheet.

- f. After the checks and money orders have been entered into the accounting system, a report received from the accounting system will be reconciled against the Payment Receipt Log sheet to ensure that all payments were entered. The Payment Receipt Log sheet will be included in the daily closeout documentation.
  - g. Any payment that cannot be processed will be attached to the Payment s Receipts Log sheet and appropriately safeguarded until the payment can be processed.
  - h. The trial court will send receipts for payments received in the mail to customers only if a stamped, self-addressed envelope is included with the payment.
4. To provide for strong oversight and monitoring of payments not processed on the day they were received in the mail, the following steps must be followed:
- a. Trial court staff responsible for processing payments must review on a daily basis all payments that are held over from a previous day's work to determine if any of the held payments can be processed. This requirement can be met by reviewing the held Payment Receipt Log sheet s and associated checks and money orders to determine if the payment can be processed.
  - b. The supervisor/manager responsible for the trial court staff that process payments must identify and log any payment that has been held for more than five (5) calendar days without being processed. The log must specify the reason why the payment cannot be processed. The log must specifically identify any cash payment being held in suspense for more than five (5) calendar days. This requirement can be met by adding a "Comment" column to the Payment Receipt Log sheet where the reason payment delay occurred can be entered.

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- c. The supervisor/manager responsible for the trial court staff that process payments must provide a report at least on a monthly basis, to the Fiscal Officer that lists by age (length of time held) any payment that has been held for more than 15 days without being processed. The report must provide the following details, if known, for each payment being held:
      - i. Case or docket number;
      - ii. Name of the person mailing the payment;
      - iii. Payment amount;
      - iv. Check number (if applicable);
      - v. Date received in the mail; and
      - vi. Reason why payment cannot be processed.
    - d. On a monthly basis, a report must be provided to the Court Executive Officer or his or her written designee that lists by age (length of time held) any payment that has been held for 30 days without being processed.
  5. If a check is received through the mail not payable in U.S. Dollars, the check should be delivered to the bank in a separate deposit as a “Special Collection” item. Once the check’s U.S. dollar equivalent is known, the payment amount should be entered as appropriate in the financial records of the court.
  6. If a check is received through the mail for an amount either greater than, or less than the amount due, the check should be deposited to the bank, entered in the financial records of the court and as appropriate a refund or a request for the remaining amount due should be sent to the check writer and case party (parties).

## **6.5 Handling Counterfeit Currency**

(Revised 9/10)

### **6.5.1 Training**

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As soon as practicable after hiring and at least annually thereafter, all Cashiers and their supervisors shall be trained in the handling of counterfeit currency. Training sources include the United States Secret Service (USSS) Web site, local law enforcement, and the United States Treasury offices. No-cost, on-site group presentations are also available through the USSS (see [www.treas.gov/ussf/field\\_offices](http://www.treas.gov/ussf/field_offices) for a list of the nearest field offices and their telephone numbers). The court's finance and/or human resources department should coordinate all training and maintain documentation in a central file.

### **6.5.2 Identification**

1. At a minimum, Cashiers must test all \$50 and \$100 bills for possible forgery. Depending on volume, \$20 bills may also be tested at the option of the Court Executive Officer or his/her designee. Every Cashier should be provided with a counterfeit detection pen, which should be used to test for counterfeit bills. Counterfeit detector pens, although not fool-proof, are an effective way to identify computer-generated counterfeit bills because the iodine solution in a detector pen reacts with starch, which is commonly found in a wood-based copy paper used by most printers. If the bill is counterfeit and the paper is wood-based, the iodine in the pen solution will react with the starch and leave a dark brown mark. If the bill is authentic and the paper is fiber-based, there won't be any starch and the pen will not leave a mark. (Manufacturers of counterfeit detection pens will sometimes add a biodegradable pastel coloring to the iodine solution so that users can easily see which bills they have already screened – the pastel coloring usually fades within a day or so.) Counterfeit detection pens may be obtained through local sources.
2. In 1996, the United States began issuing currency with a new design and additional security features. These elements were incorporated to make U.S. currency easier to recognize as

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genuine and more secure against advanced reproduction technology that could be used for counterfeiting. Pre-existing security features such as the security thread and micro-printing are included in the new notes and have only changed slightly. For additional information on how to visually identify counterfeit currency, please refer to the USSS Web site at [www.treas.gov/usss/know\\_your\\_money.shtml](http://www.treas.gov/usss/know_your_money.shtml). There are several web links on this web page that will provide the trial court with detailed information on the design and security features built into currency issued after 1996.

### **6.5.3 Confiscation**

1. Each Cashier who received currency suspected of being counterfeit should contact his or her supervisor immediately. Care should be taken in discussing confiscation with the customer because of the risk of legal action and/or violence. Discussion with the customer should focus on ensuring that:
  - a. The customer understands that he or she is not being accused of counterfeiting; and
  - b. Federal regulations require confiscation of the currency; and
  - c. Court must obtain contact information from the customer and issue the customer a copy of Form SSF 1604, see Sub-section 6.5.5; and
  - d. The court must document in the case management system this exchange as a non-monetary transaction.
2. Trial court security staff should be asked to observe (but not detain) the customer, if this can be done unobtrusively.
3. The USSS has exclusive jurisdiction for investigations involving the counterfeiting of United States currency and coin. Procedures to be followed by court staff are detailed at the Web site [www.treas.gov/usss/money\\_receive.shtml](http://www.treas.gov/usss/money_receive.shtml).

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4. If feasible, the supervisor should telephone the closest USSS office to supply the serial numbers of the currency believed to be counterfeit, but not in the presence of the customer.
5. Section 492 of title 18 of the United States Code requires the surrender of counterfeit currency, it must not be returned to the customer. Refer to Sub-section 6.5.4, Replacement of Confiscated Currency, and Sub-section 6.5.5, Preparation of Form SSF 1604.
6. In the border area of each suspect currency, the supervisor should write his or her initials and the date.  
After confiscation and pending instructions from the USSS, the supervisor should put the suspect currency in a sealed envelope and place it under lock and key; handling of it should be minimized. The USSS or an appropriate law enforcement agency will return the currency to the trial court if the currency is determined not to be counterfeit. It is the responsibility of the trial court to return non-counterfeit currency to the customer from which it was confiscated.
7. Under no circumstances are cashiers permitted to retain possession of counterfeit currency.

#### **6.5.4 Replacement of Confiscated Currency**

1. If a supervisor believes that currency received by the trial court may be counterfeit, he or she should explain to the customer that the currency cannot be accepted and must be confiscated, but that other currency, traveler's checks, or a credit card may be substituted as an acceptable form of payment to the trial court, as appropriate.



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2. The customer should always be informed that if he or she does not replace the currency, the transaction is incomplete.

### **6.5.5 Preparation of Form SSF 1604**

1. Form SSF 1604 is available on the USSS Web site at [www.treas.gov/usss/know\\_your-money.shtml](http://www.treas.gov/usss/know_your-money.shtml). A self executable form is launched when the “Counterfeit Report Download” web link is activated. Trial court staff should acquire this form from the Web site, since it is updated frequently.
2. To help identify the customer, Cashiers should observe and document the customer’s and any companions’ descriptions and, if practicable, record the customer’s driver’s license number.
3. Court staff should complete Part 2 (“Description of Counterfeit Note”) of form SSF 1604 to the extent possible.

### **6.5.6 Notification**

1. The supervisor should telephone the USSS regarding the receipt of counterfeit or potentially counterfeit currency.
2. Form SSF 1604 should be submitted to the closest USSS office.
3. If the trial court is unable to collect funds because of the acceptance of counterfeit currency, the Court Executive Officer or his or her designee should initiate appropriate collection efforts if the customer is identifiable.

### **6.5.7 Detection of Counterfeit Currency by Bank**

1. If the bank detects counterfeit currency in a trial court’s deposit, the bank is required to submit form SSF 1604 to the USSS. Once

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informed, the Court Executive Officer or his or her designee should initiate appropriate collection efforts if the customer is identifiable.

In addition, the trial court will void any record of payment and/or receipt issued relating to the transaction.

2. If the tendered currency payment is returned by the bank as counterfeit the court must notice the customer in writing to pay the remaining balance due. If the customer does not pay the balance due during the grace period specified in the notice, the original payment will be voided in the court's cashiering system, and the original payment amount will be refunded. The refund mailed to the customer must include a note that the entire original amount is immediately due upon receipt of the refund.
3. If the customer is not known, the cash deficiency will be treated as a cash shortage and the procedures in Sub-section 6.3.11 of this policy must be followed.

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## **7.0 Associated Documents**

(Revised 9/10)

**Relevant Text of Government Code 71386 regarding Acceptance of  
Payments  
Change Fund Custodian Form**

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## **Relevant Text of Government Code 71386 regarding Acceptance of Payments**

### **3. Payment Policy and Procedures (GC 71386a)**

Each superior court must adopt a written policy, consistent with rules adopted by, or trial court financial policies and procedures authorized by, the Judicial Council under subdivision (a) of section 77206, governing the acceptance of checks and money orders in payment of any fees, fines, or bail deposits. The policy must permit clerks to accept checks and money orders under conditions that tend to assure their validity.

### **2. Payments on Felonies (GC 71386b)**

A court must accept a personal check, bank cashier's check, or money order for payment of any fee or fine, or for a deposit of bail for any offense that is not declared to be a felony, provided the check or money order meets the criteria established in subdivision (a). However, no court must be required to accept a check in excess of three hundred dollars (\$300) from a defendant in custody as a deposit of bail for any alleged violation of the Penal Code.

### **3. Payment of Obligation (GC 71386c)**

The acceptance of a check pursuant to this section constitutes payment of the obligation owed to the payee public agency to the extent of the amount of the check as of the date of acceptance.

### **4. Returned Checks (GC 71386d)**

- a. If any check offered in payment pursuant to this section is returned to the payee without payment, reasonable charges for the returned check not to exceed the actual costs incurred may be imposed to recover the processing and collection costs.
- b. This charge may be added to, and become part of, any underlying obligation other than an obligation that constitutes a lien on real property, or a different method of payment for that

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payment and future payments by that person may be prescribed.

- c. If the costs are incurred by the county, the charges imposed for a returned check must be retained by the treasurer of the county and be deposited in the county general fund.
- d. If the costs are incurred by the court, the charges imposed for a returned check must be distributed to the court under section 68085.1.

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## Change Fund Custodian Form

To: Court Executive Officer  
From: Court Fiscal Officer

Trial court policy requires the Court Executive Officer or designee to appoint a custodian for each Change Fund when any Change Fund exceeds \$500 by location or in aggregate for the trial court. The policy also requires that any change in custody of an existing fund must be documented in writing and the amount of the transfer verified. The Court Fiscal Officer must notify the Court Executive Officer in writing when the custodian of a Change Fund changes. In addition, the Court Fiscal Officer must document that the procedures that must be followed in using a Change Fund were provided to the new custodian.

Completion of this form is sufficient verification that the above requirements have been met.

As the Present Custodian, I currently have the following combination of currency and coin totaling the amount authorized for my Change Fund.

Currency on hand \$                      Coin on hand \$                      = \$

\_\_\_\_\_  
Signature                      Telephone #                      Date

As the new custodian, I agree that I received the total currency and coin in the amount of \$                      on (date)                      . I have read and agree to follow the procedures specified in Policy No. FIN 10.02 Cash Handling, *Trial Court Financial Policies and Procedures Manual* and any specific trial court procedures concerning my responsibilities for safeguarding and disbursing cash from the Change Fund.

\_\_\_\_\_  
Signature                      Telephone #                      Date

Court Fiscal Officer

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_